

AMENDED IN ASSEMBLY MAY 26, 2006

AMENDED IN ASSEMBLY MAY 3, 2006

CALIFORNIA LEGISLATURE—2005–06 REGULAR SESSION

**ASSEMBLY BILL**

**No. 2723**

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**Introduced by Assembly Member Pavley**  
**(Coauthors: Assembly Members Cohn, Frommer, Koretz, Levine,**  
**Lieber, Ruskin, Saldana, and Shirley Horton)**  
**(Coauthor: Senator Kuehl)**

February 24, 2006

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An act to add and repeal Chapter 5.6 (commencing with Section 25460) of Division 15 of the Public Resources Code, relating to energy.

LEGISLATIVE COUNSEL'S DIGEST

AB 2723, as amended, Pavley. Electricity: solar energy: Low-Income Housing Development Program.

Under existing law, the Public Utilities Commission (PUC) adopted the California Solar Initiative that provides incentive to customer-side photovoltaics and solar thermal electric project under one megawatt and that 10% of the funds are to be used for low-income residential customers and affordable housing projects.

This bill would establish, until January 1, 2016, the Low-Income Housing Development and Nonprofit Building Program (program) to help finance solar energy systems, as defined, in eligible low-income *residential* housing located in the service areas of an electrical corporation. The bill would create ~~the Solar Initiative Trust Fund (fund) and the Low-Income Housing Development and Nonprofit Building Program Account (account) in the fund~~ *Fund (fund)*. ~~The bill~~

would require the revenues collected by electrical corporations for the benefit of the in-state operation and development of solar energy resource technologies to be deposited in the fund and, upon appropriation by the Legislature, to be expended for the state's administration of the solar energy program. The bill would require that 10% of ~~these~~ *the revenues collected by each electrical corporation pursuant to the California Solar Initiative* be transmitted, at least quarterly, to the State Energy Resources Conservation and Development Commission (Energy Commission) for deposit into the ~~account~~ *fund*, and upon appropriation by the Legislature, expended for the implementation of the program.

The bill would require the Energy Commission to establish an advisory committee consisting of representatives from specified agencies and would require the committee to evaluate methods for providing assistance to encourage the use of solar technologies and to make recommendations to the Energy Commission on the implementation of the program. *The bill would require the Energy Commission to review the advisory committee's recommendations before adopting a program to help finance solar energy systems in residential low-income housing.*

The bill would require the Energy Commission to establish and collect a fee for each application for an allocation. The bill would require the Energy Commission to deposit the fees in the ~~account, and fund~~. *The bill would authorize the Energy Commission to expend the revenues in the account fund, upon appropriation by the Legislature, to process applications administer the program. The bill would require that all unencumbered moneys in the fund on January 1, 2006, and thereafter be administered by the Public Utilities Commission for cost-effective energy efficiency measures in low-income residential housing that benefit ratepayers.*

Vote: majority. Appropriation: no. Fiscal committee: yes.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

- 1 SECTION 1. Chapter 5.6 (commencing with Section 25460)
- 2 is added to Division 15 of the Public Resources Code, to read:

1 CHAPTER 5.6. LOW-INCOME HOUSING DEVELOPMENT AND  
2 NONPROFIT BUILDING PROGRAM

3  
4 25460. As used in this chapter, the following terms have the  
5 following meanings:

6 ~~(a) “Account” means the Low-Income Housing Development~~  
7 ~~and Nonprofit Building Program Account created pursuant to~~  
8 ~~paragraph (1) of subdivision (b) of Section 25460.7.~~

9 ~~(b)–~~

10 (a) “Allocation” means a loan, loan guarantee, rebate, or other  
11 incentive established pursuant to this chapter.

12 ~~(e)–~~

13 (b) “Building” means an existing or planned structure for  
14 residential uses that includes a heating or cooling system, or  
15 both. Additions to an original building shall be considered part of  
16 that building rather than a separate building.

17 ~~(d)–~~

18 (c) “California Solar Initiative” means an initiative adopted by  
19 the Public Utilities Commission in Decision 06-01-024.

20 ~~(e)–~~

21 (d) “Electrical corporation” has the meaning set forth in  
22 Section 218 of the Public Utilities Code.

23 (e) “Fund” means the Low-Income Housing Development and  
24 Nonprofit Building Program Fund established by subdivision (a)  
25 of Section 25460.7.

26 (f) “Low-income residential housing” means affordable  
27 residential housing units that are defined in Section 50052.5 or  
28 50053 of, or are undertaken, constructed, or operated pursuant to  
29 Chapter 3.6 (commencing with Section 50199.4) of Part 1 of  
30 Division 31 of, the Health and Safety Code.

31 (g) “Nonprofit entity” means an entity as defined in  
32 paragraphs (2) and (3) of subdivision (c) of Section 71116.

33 (h) “Program” means the Low-Income Housing Development  
34 and Nonprofit Building Program created by Section 25460.5.

35 (i) “Solar energy system” means a solar energy device that has  
36 the primary purpose of providing for the collection and  
37 distribution of solar energy for the generation of electricity that is  
38 qualified by the commission for participation in the program.

1     25460.5. The Low-Income Housing Development and  
2 Nonprofit Building Program is hereby established. The purposes  
3 of the program are as follows:

4     (a) To provide low cost financing for solar energy systems in  
5 low-income residential housing units located in the service areas  
6 of an electrical corporation contributing funds to support the  
7 program.

8     (b) To be a cost-effective investment by ratepayers in peak  
9 electricity generation capacity that enables ratepayers to recoup  
10 the cost of their investment through lower rates as a result of  
11 avoiding purchases of electricity at peak rates generated by  
12 traditional powerplants and peaker generation units, with  
13 additional system reliability and pollution reduction benefits.

14     (c) To reduce net energy consumption in low-income  
15 residential buildings by integrating energy-efficient technologies  
16 with solar technologies.

17     25460.7. ~~(a) The Solar Initiative Trust Fund is hereby created~~  
18 ~~in the State Treasury. Revenues collected by electrical~~  
19 ~~corporations for the benefit of in-state operation and~~  
20 ~~development of solar energy resource technologies shall be~~  
21 ~~deposited into the fund. The moneys in the fund may be~~  
22 ~~expended for the state's administration of the solar energy~~  
23 ~~program upon appropriation by the Legislature in the annual~~  
24 ~~Budget Act.~~

25     ~~(b) The Low-Income Housing Development and Nonprofit~~  
26 ~~Building Program Account is hereby created in the Solar~~  
27 ~~Initiative Trust Fund created pursuant to subdivision (a). Ten~~  
28 ~~percent of the revenues collected by electrical corporations for~~  
29 ~~the benefit of in-state operation and development of solar energy~~  
30 ~~resource technologies shall be transmitted to the commission at~~  
31 ~~least quarterly for deposit in the account. The moneys in the~~  
32 ~~account—~~*The Low-Income Housing and Nonprofit Building*  
33 *Program Fund is hereby established in the State Treasury. Ten*  
34 *percent of the revenues collected by an electrical corporation*  
35 *pursuant to the California Solar Initiative shall be transmitted to*  
36 *the commission, at least quarterly, for deposit into the fund. The*  
37 *moneys in the fund may be expended for the purpose of this*  
38 *chapter upon appropriation by the Legislature in the annual*  
39 *Budget Act.*

40     ~~(e)–~~

1 (b) Upon notification by the commission, the Controller shall  
2 pay the allocation, made by the commission pursuant to this  
3 chapter, of moneys from the ~~account~~ *fund* that have been  
4 appropriated by the Legislature for the purposes of this chapter.  
5 The eligibility of an applicant for an allocation shall be  
6 determined by the commission based on the procedures it adopts  
7 under this chapter.

8 25461. (a) The commission shall create an advisory  
9 committee that includes representatives from the California Tax  
10 Credit Allocation Committee (TCAC), the California Housing  
11 Finance Agency, and the Department of Housing and  
12 Community Development to develop guidelines for the program.

13 (b) The advisory committee shall do all of the following:

14 (1) (A) Evaluate and recommend to the commission methods  
15 of providing assistance to encourage the use of solar technologies  
16 to attain progress towards attaining a net neutral electricity  
17 utilization by low-income residents. The methods of providing  
18 assistance that may be considered include, but are not limited to,  
19 a revolving loan program, a loan guarantee program, rebates, or  
20 other proven incentives to maximize effectiveness.

21 (B) If the advisory committee recommends the creation of a  
22 revolving loan program, it shall include, in its recommendations,  
23 both of the following:

24 (i) The use of an interest rate that is not less than the current  
25 discount rate, as published by the Federal Reserve Bank of San  
26 Francisco.

27 (ii) Procedures for default situations and situations when the  
28 borrower's building no longer qualifies for the loan due to a  
29 change in low-income status of the building.

30 (2) Develop guidelines and applicant eligibility criteria that  
31 will do all of the following:

32 (A) Provide greater solar incentives for residents who  
33 implement energy-efficient applications.

34 (B) Benefit the most financially constrained residential  
35 electricity customers first.

36 (C) Encourage the use of solar generation panels for new  
37 low-income building construction.

38 (3) Consider applying time-variant pricing for qualifying  
39 residential customers to mitigate demand during peak times.

40 (4) Require energy-efficiency audits for qualifying residents.

1 (c) The commission shall ~~adopt and implement~~ review the  
2 recommendations made by the advisory committee pursuant to  
3 subdivision (b) *prior to adopting and implementing a program to*  
4 *meet the goals of this chapter.*

5 25462. (a) An applicant may submit an application to the  
6 commission for an allocation for the purpose of the program. The  
7 application shall be in the form and contain the information that  
8 the advisory committee shall prescribe.

9 (b) The commission shall establish and collect a fee for each  
10 application for an allocation authorized by this chapter. The fee  
11 shall be deposited into the ~~account~~ *fund* and set at a level that is  
12 sufficient for the support of the commission for the cost of the  
13 entire application process.

14 (c) For purposes of this section, “applicant” means a local  
15 governing body, private business, nonprofit development  
16 corporation, or nonprofit entity.

17 25463. Annually at the conclusion of each fiscal year, but not  
18 later than October 31, each applicant that has received an  
19 allocation pursuant to this chapter shall compute and report to the  
20 commission the cost of the energy saved as a result of  
21 implementing the solar energy system funded by the allocation.  
22 The cost shall be calculated in a manner prescribed by the  
23 commission.

24 25464. The commission may expend from the ~~account~~ *fund*  
25 an amount necessary for the administration of the program, upon  
26 appropriation by the Legislature.

27 25465. The Department of Finance, at its discretion, may  
28 audit the expenditure of any allocation made pursuant to this  
29 chapter.

30 25466. (a) Except as provided in subdivision (b), this chapter  
31 shall remain in effect only until January 1, 2016, and as of that  
32 date is repealed, unless a later enacted statute, which is enacted  
33 before January 1, 2016, deletes or extends that date.

34 (b) All loans outstanding as of January 1, 2016, shall continue  
35 to be repaid to the commission consistent with the terms and  
36 conditions ~~recommended by the advisory committee and of the~~  
37 *program* adopted by the commission pursuant to *subdivision (c)*  
38 *of Section 25461* until paid in full. All unexpended moneys in the  
39 ~~account~~ *fund* on January 1, 2016, and thereafter, except to the  
40 extent those moneys are encumbered pursuant to this chapter,

1 shall ~~revert to the Solar Initiative Trust Fund~~ *be administrated by*  
2 *the Public Utilities Commission for cost-effective energy*  
3 *efficiency measures in low-income residential housing that*  
4 *benefit ratepayers.*

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7 **CORRECTIONS:**

8 **Text — Pages 3, 4, 5, and 6.**

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